



Memorandum

TO: MAYOR AND CITY COUNCIL

FROM: Vice-Mayor Madison Nguyen
Councilmember Sam Liccardo
Councilmember Rose Herrera
Councilmember Xavier Campos

SUBJECT: USE OF UNDERUTILIZED
HOTELS/MOTELS TO HOUSE
THE HOMELESS

DATE: March 14, 2014

APPROVED: *Madison Nguyen (C.G.) Xavier Campos SS* **DATE:** *03/14/14*

RECOMMENDATION:

Sam Liccardo (P.P.) Rose Herrera DB

Accept the staff report and direct the City Manager and City Attorney to:

- 1) Issue an Request for Proposal (RFP) for the pilot master-leasing program for motels/ hotels for the homeless by June, 2014 and that modifies the length of time to four years, with an option to renew, and
- 2) Return with draft changes to the Municipal Code within 60 days for review and action, where the ordinance:
 - a. Clarifies that multiple non-profit organizations can serve as a contracting party for purposes of management of the units;
 - b. Enables the City to have the flexibility to engage in lease of more than 49% of the motel units after the issuance of a CUP, such as by, e.g.:
 - (a) deeming that temporary leases of this type do not change the fundamental commercial use of the property;
 - (b) deeming that a stay in excess of 29 days in a room under terms of this proposal does not change the commercial use of the property;
 - (c) exempting the lease of motels in the manner contemplated here from the employment lands conversion prohibition in the General Plan.

DISCUSSION

Since the introduction of this proposal in the Fall of 2012, it was discussed as part of the Priority Setting Session on October 9th, 2012. Since then, staff and the District Three Council Office has sought input from hotel/motel owners, service providers, law enforcement, community members, and others in an effort to provide insight regarding the feasibility of converting portions of underutilized hotels and motels to housing for our homeless community. We would like to thank staff from the Housing Department, Planning Department, San Jose Police Department, hotel and motel owners, and outside service agencies that engaged in multiple conversations, site visits, and research into the likelihood of a master-lease opportunity for San Jose.

San Jose has one of the largest unsheltered homeless populations in the U.S. We all hear from many residents, business owners, environmental advocates, and homeless individuals on a daily basis, each expressing frustration about the scale of this fast-growing problem.

With multiple partners working under the Destination:Home umbrella, the "Housing 1,000" initiative has placed more than 620 of our most vulnerable and chronic homeless into housing. To address our much larger challenge, however, we need more tools in our toolbox.

We have to offer more innovative pathways to housing the homeless, because we lack the resources to continue to do the same things the same way. Over 100 homeless people have housing vouchers that should enable them to get access to apartments, but high rental rates and a shrinking housing supply exclude them from traditional housing. This proposal offers a tool to house those homeless.

This program doesn't create permanent supportive housing units, but it does help some homeless stabilize their lives and achieve a level of dignity while permanent housing comes on line, or until they achieve self-sufficiency. Having clients living in hotels or motels and engaged in structured programming as opposed to living on the street improves the conditions of the surrounding area for all residents: during the day the clients will be receiving supportive services and at night they will be housed. Focusing on the transitionally homeless population for this program makes the most sense for this type of housing. People who have the ability to work and a history of being stably housed can benefit from a short-term program like the hotel/motel model as long as it's coupled with rapid re-housing services.

Consider that similar programs have been tried and are working. In Massachusetts, the legislature set aside \$36 Million in 2012 to house over 2,000 families in transitional housing opportunities in hotels and motels around the State while permanent housing is being built or rehabilitated. Three years later, the state has successfully transitioned families into permanent housing, and has reduced its original funding two-thirds, to about \$12 Million, for the 2014-2015 fiscal year. Michigan non profits such as the Volunteers of America (VOA) work with the United Way and Red Cross to run transitional housing at hotels in locations such as Lansing, Michigan. Colorado, Washington D.C. and Maryland have various kinds of programs that include similar options.

Closer to home, the City of San Mateo supported the transformation of the Vendome Hotel in downtown San Mateo, in partnership with InnVision Shelter Network. This supportive housing model offers 16 units for homeless individuals in that City. The hotel conversion was permanent, but offers a model similar to the one proposed in San Jose.

We recognize that this may be a sensitive topic for neighborhoods. We share concerns about the possibility of concentrating poverty in neighborhoods. We appreciate that housing staff has clarified that public hearings will be held for each permit application. Any possible sites should follow the normal outreach and community notification associated with the Conditional Use Permit process, but should also include notification of any neighborhood and/ or business association that contains a hotel / motel under consideration.

No one seeks to convert hotels and motels into permanent housing options. We support the staff recommendation that any master-lease conducted in conjunction with this effort, but the initial Conditional Use Permit should be for a four year period, with an option to renew master-leases if locations and the master-leasing program demonstrates success.

New tools and new methods have to be considered. In this time of budgetary scarcity, we need to continue to adopt and implement new strategies to ease the burden of homeless on themselves, and on our community.